

FORM MR-RC (LMO)
Revised August 9, 2006
RECLAMATION CONTRACT

Mine Name: UDOT Beck Street Quarry

Other Agency File Number none

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

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LARGE MINE RECLAMATION CONTRACT

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Utah Department of Transportation the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/011/003 Which has been approved by the Division under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (2005, as amended) (hereinafter referred to as "Act") and the regulations adopted pursuant to the Act; and

WHEREAS, Operator is obligated to reclaim the land affected by the mining operations in accordance with the Act and regulations, and the Operator is obligated to provide a surety in form and amount approved by the Division or the Board of Oil, Gas and Mining (Board) to assure reclamation of the lands affected by the mining operations.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Division and the Operator agree as follows:

1. Operator agrees to promptly reclaim in accordance with the Act and regulations, as they may be amended, and in accordance with the mining and reclamation plan (Reclamation Plan) approved by the Division all of the lands affected by the mining operations conducted or to be conducted pursuant to the approved Notice of Intention.
2. The Lands Affected by the mining operations and subject to the requirements of the Act and this Contract include:

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- A. All surface and subsurface areas affected or to be affected by the mining operations including but not limited to private on-site ways, roads, railroads; land excavations; drill sites and workings; refuse banks or spoil piles; evaporation or settling ponds; stockpiles; leaching dumps; placer areas; tailings ponds or dumps; work, parking, storage, and waste discharge areas, structures, and facilities; and
 - B. All mining disturbances regardless of discrepancies in the map and legal description, unless explicitly and clearly identified as EXCLUDED on maps, and legal descriptions included in the approved NOI; provided lands may be excluded only if: (1) they were disturbed by mining operations that ceased prior to July 1, 1977; (2) the lands would be included but have been reclaimed in accordance with an approved notice or reclamation plan; or (3) the lands were disturbed by a prior operation for which there is no surety, no legally responsible entity or person, and which lands are not necessarily or incidentally intended to be affected by the mining operations as described in the approved NOI.
- 3. The Reclamation Plan is intended to establish methods, plans, specifications, and other details required by the Act and regulations as they pertain to the lands affected by mining operations, and no provision of the Reclamation Plan shall be interpreted to diminish the requirements of the Act and regulations. The Operator shall be responsible for reclamation of all such Lands Affected regardless of errors or discrepancies in the maps or legal descriptions provided with the NOI or Reclamation Plan, which are primarily intended to assist in determining the location of the mining operations, to describe the areas of disturbance, and to assist estimating the amount of surety required.
- 4. The Operator prior to commencement of any mining operations and as a precondition to the rights under the Notice of Intention shall provide a surety in a form permitted by the Act and in an amount sufficient to assure that reclamation of the Lands Affected will be completed as required by the Act. The Surety shall remain in full force and effect according to its terms unless modified by the Division in writing. A copy of the agreement providing for the Surety for the reclamation obligations herein is included as **ATTACHMENT A** to this Contract.
- 5. If the Surety expressly provides for cancellation or termination for non-renewal:
 - A. The Operator shall within 60 days following the Division's receipt of notice that the Surety will be terminated or cancelled, provide a replacement Surety sufficient in a form and amount, as required by the Act, to replace the cancelled surety.

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B. If the Operator fails to provide an acceptable replacement Surety within 60 days of notice of cancellation or termination, the Division may order the Operator to cease further mining activities, and without further notice proceed to draw upon letters of credit, to withdraw any amounts in certificates of deposit or cash and/or other forms of surety, and to otherwise take such action as may be necessary to secure the rights of the Division to perfect its claim on the existing surety for the purpose of fully satisfying all of the reclamation obligations incurred by the Operator prior to the date of termination, and the Division may thereafter require the Operator to begin immediate reclamation of the Lands Affected by the mining operations, and may, if necessary, proceed to take such further actions as may be required for the Division to forfeit the surety for the purpose of reclaiming the Lands Affected.

6. The Operator's liability under this Contract shall continue in full force and effect until the Division finds that the Operator has reclaimed the Lands Affected by mining operations in accordance with the Act, the regulations, and the Reclamation Plan, as they may be amended. If the mining operations are modified or for any other reason vary from those described in the approved Notice of Intention, the Operator shall immediately advise the Division, and the Notice of Intention shall be revised and the Surety amount shall be adjusted as necessary.
7. If reclamation of a substantial phase or segment of the Lands Affected by the mining operations is completed to the satisfaction of the Division, and the Division finds that such substantial phases or segments are severable from the remainder of the mining area, Operator may request the Division to find that Operator has reclaimed such area. If the Division makes such finding, Operator may make request to the Division for a reduction in the aggregate face amount of the Surety, and the Division may reduce the surety to an amount necessary to complete reclamation of the remaining mining operations as anticipated by the approved Notice of Intention in accordance with the requirements of the Act and regulations, as amended and the Reclamation Plan, as amended. If the Division makes such finding, Operator may make request to the Division for a reduction in the amount of the surety. The Division, or the Board if the surety is in the form of a board contract, may permit such a reduction if it determines that the reduced amount will be adequate to ensure complete reclamation of the lands affected by the mining in accordance with the requirements of the Reclamation Plan, the rules and the Act, as amended.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the rules.
9. Operator agrees to pay all legally determined public liability and property damage claims resulting from mining operations, to pay all permit fees to

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maintain suitable records, to file all required reports, to permit reasonable inspections, and to fulfill all sundry reporting requirements applicable to the mine as required by the Act and implementing rules.

10. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
11. If Operator shall default in the performance of its obligations hereunder, Operator shall be liable for all damages resulting from the breach hereof including all costs, expenses, and reasonable attorney's fees incurred by the Division and/or the Board in the enforcement of this Contract.
12. Any breach of a material provision of this Contract by Operator may, at the discretion of the Division, in addition to other remedies available to it, result in an order by the Division requiring the Operator to cease mining operations, and may thereafter result in an Order, subject to an opportunity for notice and hearing before the Board, withdrawing and revoking the Notice of Intention, and requiring immediate reclamation by the Operator of the Lands Affected or forfeiture of the Surety.
13. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount that is required to comply with this Contract. Upon completion of the reclamation of all of the Lands Affected, any excess monies resulting from forfeiture of the Surety shall be returned to the rightful claimant.
14. The Operator shall notify the Division immediately of any changes in the Operator's registered agent, the Operator's address, form of business, name of business, significant changes in ownership, and other pertinent changes in the information required as part of the Notice of Intention. Notwithstanding this requirement, any changes to the Notice of Intention, and any errors, omissions, or failures to fully or accurately complete or update the information on the Notice of Intention, or the attached maps, shall not affect the validity of this Contract and the rights of the Division to enforce its terms.
15. If requested by the Division, the Operator shall execute addendums to this Contract to add or substitute parties, or to reflect changes in the Operator, Surety, and otherwise modify the Contract to reflect changes in the mining operations as requested by the Division. All modifications must be in writing and signed by the parties, and no verbal agreements, or modifications in any of the terms or conditions shall be enforceable.
16. This Contract shall be governed and construed in accordance with the laws of the State of Utah.

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Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party, and that the Operator, if not a natural person, is an entity properly organized and in good standing under the laws of the United States and is registered with and authorized to do business in the State of Utah.

OPERATOR:

Utah Department of Transportation

Operator Name

By John Njord

Authorized Officer (Typed or Printed)

Executive Director

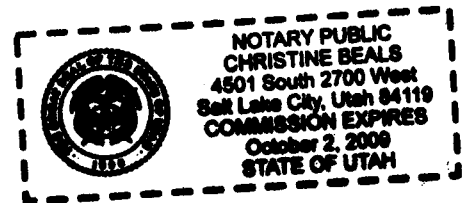
Authorized Officer - Position

John R. Njord 3-19-07
Officer's Signature Date

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 19 day of March, 2007, John R. Njord
personally appeared before me, who being by me duly sworn did say that he/she is an Executive Director (i.e. owner, officer, director, partner, agent or other (specify)) of the Operator and duly acknowledged that said instrument was signed on behalf of said Operator by authority of its bylaws, a resolution of its board of directors, or as may otherwise be required to execute the same with full authority and to be bound hereby.

Christine Beals
Notary Public
Residing at Salt Lake City, UT
My Commission Expires:



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DIVISION OF OIL, GAS AND MINING:

By John R. Baza Date 3/26/07
John R. Baza, Director

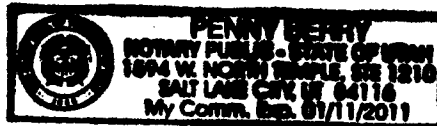
STATE OF Utah
COUNTY OF Salt Lake) ss:

On the 26 day of March, 2007, John R. Baza
personally appeared before me, who being duly sworn did say that he,
the said John R. Baza is the Director of the Division of
Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he
duly acknowledged to me that he executed the foregoing document by authority
of law on behalf of the State of Utah.

Penny Berry
Notary Public

Residing at: Salt Lake

1/11/2011
My Commission Expires:



FACT SHEET

3/26/07

Commodity: Rock Aggregate

Mine Name: UDOT BECK STREET QUARRY

Permit Number: M/011/003

County: Davis

Operator Contact Name: Mr. Todd Jensen

Operator Name: Utah Department of Transportation

Operator Address: 250 North Redwood Rd 2nd Floor

Operator Phone: 801 383 3100

Operator Fax: _____

Operator Email: toddjensen@utah.gov

**BONDING AGREEMENT BETWEEN THE UTAH DEPARTMENT OF
TRANSPORTATION AND THE UTAH DIVISION OF OIL, GAS, AND MINING FOR
THE RECLAMATION OF UDOT BECK STREET QUARRY**

Surety Type: Bonding Agreement between the Division and UDOT, board approved
4/25/2007

Surety Amount: \$374,100.00

Contact: John Njord

Contact phone: 801 965 4027

Contact email: JNJord@utah.gov

Escalation year: 2011

FACT SHEET

Commodity: ROCK AGGREGATE

Mine Name: UDOT BECK STREET QUARRY

County: Davis

Operator Name: Utah Department of Transportation

Operator Address: 250 N. Redwood Road, 2nd Floor

Operator Contact Person Name: Todd Jensen

Operator Contact Person Email: TODDJENSEN@UTAH.GOV

Operator Contact Person phone: (801) 383-3100

**BONDING AGREEMENT BETWEEN THE UTAH DEPARTMENT OF
TRANSPORTATION AND THE UTAH DIVISION OF OIL, GAS, AND MINING FOR
THE RECLAMATION OF UDOT BECK STREET QUARRY, Pending Board of Oil,
Gas and Mining approval**

Surety Type: Bonding Agreement (pending)

Surety Amount: \$347,100.00

Contact: John Njord

Contact Phone: (801) 965-4027

Contact email: JNJORD@UTAH.GOV

Escalation year: 2011

**RECLAMATION SURETY AGREEMENT BETWEEN
THE UTAH DEPARTMENT OF TRANSPORTATION
AND
THE UTAH DIVISION OF OIL, GAS, AND MINING
FOR THE RECLAMATION OF UDOT BECK STREET QUARRY**

The Utah Department of Transportation (UDOT) and the Utah Division of Oil, Gas, and Mining (DOGM) enter into this Agreement to provide the Reclamation Surety (Reclamation Surety) for the Beck Street Quarry (Quarry).

Recitals:

1. UDOT owns property along Beck Street that it plans to operate as a quarry for road building materials.
2. DOGM is the state agency with oversight and regulatory responsibility over mining operations.
3. The Utah Mined Land Reclamation Act, Title 40, Chapter 8, Utah Code Annotated requires that all mined land be reclaimed and all mining operators provide DOGM a reclamation surety or other guarantee for reclamation.
4. Although UDOT is a state agency, DOGM is required by its statutory charge to assure that all mined lands will be reclaimed and that a reclamation surety is provided for that purpose to avoid the obligation being left unsatisfied, and is not authorized to waive the surety requirements for a state agency.
5. DOGM determined that UDOT's reclamation surety estimate for the Quarry is accurate and verifiable in the amount of \$347,100 in 2011 dollars, and as may be escalated according to the usual rule and practice of the Division.

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6. Utah Code Ann. § 40-8-14(3) allows the Board of Oil, Gas, and Mining (BOGM) to approve as a form of reclamation surety, a written contractual agreement between DOGM and a mining operator under certain conditions.

7. UDOT's Executive Director has the authority to designate discretionary funds in an amount in excess of the surety estimate for the Beck Street Quarry without legislative approval. There are separate \$500,000 discretionary funds which are available for expenditures associated with each ongoing UDOT project with a budget over \$2 million. Insofar as the Beck Street Quarry will be used for many ongoing projects, UDOT desires to designate a portion of the \$500,000 discretionary funds associated with these projects as Reclamation Surety.

8. The parties understand that reclamation surety in the form of a written contractual agreement must be approved by the BOGM.

9. DOGM agrees to recommend to the BOGM that it accept this Agreement as the Reclamation Surety.

NOW THEREFORE, in accordance with the foregoing purposes and authorities the parties hereby agree as follows.

Terms & Conditions:

1. UDOT agrees that the sum of \$347,100 (2011 dollars and as escalated may be escalated according to the usual rule and practice of the Division) shall be subject at all times to designation by UDOT's Executive Director for reclamation of the Quarry upon the terms and conditions as set forth in this Agreement.

2. UDOT agrees that, upon written notice by DOGM, its Executive Director shall immediately and without further action or approval, designate all or part of this Reclamation

Surety amount to be used for reclamation of the Quarry in accordance with the approved mining and reclamation plan, as amended, and requirements of the Mined Land Reclamation Act. In the event the Executive Director no longer has the authority to designate the discretionary funds for reclamation of the Quarry, (because no ongoing project is associated with the Quarry or for any other reason) or the dollar limitations upon the discretionary authority to designate such funds decreases to less than the Reclamation Surety amount, UDOT shall provide written notice to DOGM within thirty (30) days of such change.

3. UDOT agrees that the Reclamation Surety amount shall be subject to adjustment as necessary as the result of a periodic review by DOGM or as the result of a mine plan amendment.

4. UDOT's Quarry mining operations are subject to all existing laws and regulations.

5. Mining will be considered to be complete once the Quarry attains the final slope configuration described in the mining and reclamation plan. Reclamation will be conducted, as appropriate, during the life of the mining operations. Final reclamation operations will begin no later than three (3) months after mining of the Quarry is completed and will be completed within one (1) year of that date, assuming favorable ground conditions.

6. UDOT will monitor reclamation until UDOT demonstrates and DOGM determines the postmining land use has been achieved and as applicable, the minimum revegetation requirements are met. DOGM will provide written consent to the BOGM for the release of the Reclamation Surety obligation. In the event of a partial release of the Reclamation Surety, DOGM will determine the release amount in accordance with the procedures and requirements of the Utah Mined Land Reclamation Act as amended.

7. If this Agreement is no longer acceptable for any reason for insuring UDOT's reclamation obligation, DOGM will provide written notice of such to UDOT and provide opportunity for UDOT to appear before BOGM.

8. In the event UDOT subleases the Quarry or makes an assignment of the rights to a private operator, UDOT will remain the responsible party unless the Quarry mine permit is transferred according to §40-8-19.

9. This Reclamation Surety Agreement has been reviewed and approved by Assistant Attorneys General on behalf of both parties pursuant to the Title 11, Chapter 13, Interlocal Cooperation Act.


10. This Agreement can only be modified by a written amendment executed by both parties and with approval of the BOGM.

11. If UDOT or its agents fail to complete reclamation as required by this Agreement, and if after receipt of notice from DOGM, UDOT fails within thirty (30) days to designate the funds from its discretionary account to complete the reclamation of the mining operations, or UDOT otherwise fails to cure any breach of this Agreement as required, DOGM may exercise any and all remedies available to it under the law.

12. If it appears to DOGM that UDOT will no longer have authority, or for any other reason cannot comply with the obligations undertaken by this surety agreement, (including, but not limited to, a lack of ongoing projects associated with the Quarry) DOGM may, in addition to other remedies, issue a cessation order precluding mining at the Quarry until a surety bond or other reclamation surety judged adequate by the Division is provided.

13. This Agreement is subject to the approval of the BOGM and may be released or modified only upon approval of the BOGM and shall be effective upon the date of approval by the BOGM.

UTAH DEPARTMENT OF TRANSPORTATION



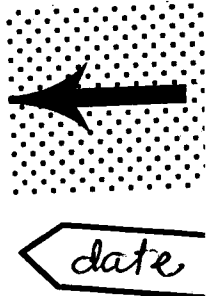
John R. Njord
Executive Director

Date

UTAH DIVISION OF OIL, GAS, AND MINING

John R. Baza
Division Director

Date




Approved by UTAH BOARD OF OIL, GAS, AND MINING

Board Chair

Date

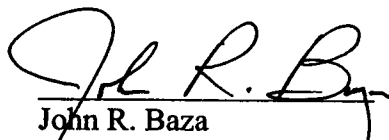
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UTAH DEPARTMENT OF TRANSPORTATION


John R. Njord
Executive Director

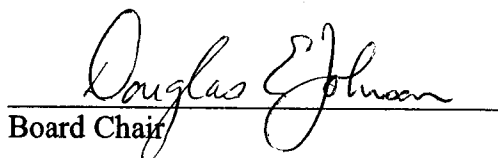
Date

UTAH DIVISION OF OIL, GAS, AND MINING


John R. Baza
Division Director

5/14/07
Date

Approved by UTAH BOARD OF OIL, GAS, AND MINING


Board Chair

5/23/07
Date